SENATE BILL No. 614

DIGEST OF INTRODUCED BILL

Citations Affected: IC 13-11-2; IC 13-18.

Synopsis: Drinking water and wastewater loan funds. Allows a private entity that renders wastewater collection and treatment service to the public to receive financial assistance from the wastewater revolving loan fund and the supplemental wastewater assistance fund. Allows a private entity that renders water utility service to the public to receive financial assistance from the drinking water revolving loan fund and the supplemental drinking water assistance fund.

Effective: July 1, 1999.

Gard

January 21, 1999, read first time and referred to Committee on Environmental Affairs.



First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in this style type, and deletions will appear in this style type.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or *this style type* reconciles conflicts between statutes enacted by the 1998 General Assembly.

SENATE BILL No. 614

A BILL FOR AN ACT to amend the Indiana Code concerning environmental law.

Be it enacted by the General Assembly of the State of Indiana:

	SECTION	1. IC	13-11-2-83	IS	AME	NDED	TO	READ	AS
F	OLLOWS [E	FFEC	TIVE JULY	1,	1999]:	Sec.	83. (a) "Finaı	ıcial
as	sistance agre	ement'	', for purpose	es o	f IC 13	-18-13	and l	C 13-18	3-21,
re	fers to an agr	eemen	t among:						

- (1) the budget agency; and
- (2) a political subdivision, an investor owned wastewater utility, or an investor owned water utility;

establishing the terms and conditions of a loan or other financial assistance, including forgiveness of principal if allowed under federal law, by the state to the political subdivision, **investor owned wastewater utility**, or investor owned water utility.

- (b) "Financial assistance agreement", for purposes of IC 13-19-5, means an agreement between the authority and a political subdivision that:
 - (1) is approved by the budget agency; and
 - (2) establishes the terms and conditions of a loan or other financial assistance by the state to the political subdivision.



6

7

8

9

10

11 12

13

14

15

16

17

1	SECTION 2. IC 13-11-2-112.3 IS ADDED TO THE INDIANA
2	CODE AS A NEW SECTION TO READ AS FOLLOWS
3	[EFFECTIVE JULY 1, 1999]: Sec. 112.3. "Investor owned
4	wastewater utility", for purposes of IC 13-18-13, means a private
5	entity that renders wastewater collection and treatment service to
6	the public.
7	SECTION 3. IC 13-11-2-112.4 IS ADDED TO THE INDIANA
8	CODE AS A NEW SECTION TO READ AS FOLLOWS
9	[EFFECTIVE JULY 1, 1999]: Sec. 112.4. "Investor owned water
10	utility", for purposes of IC 13-18-21, means a private entity that
11	renders water utility service to the public.
12	SECTION 4. IC 13-18-13-2 IS AMENDED TO READ AS
13	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) The wastewater
14	revolving loan fund is established to provide money for loans and other
15	financial assistance to or for the benefit of political subdivisions and
16	investor owned wastewater utilities under this chapter.
17	(b) The general assembly may appropriate money to the fund.
18	Grants or gifts of money to the fund from the federal government or
19	other sources and the proceeds of the sale of:
20	(1) gifts to the fund; and
21	(2) loans and other financial assistance, as provided in sections 10
22	through 14 of this chapter;
23	shall be deposited in the fund.
24	(c) Repayments of loans and other financial assistance, including
25	interest, premiums, and penalties, shall be deposited in the fund.
26	(d) The treasurer of state shall invest the money in the fund that is:
27	(1) not currently needed to meet the obligations of the fund; and
28	(2) not invested under subsection (e);
29	in the same manner as other public money may be invested. Earnings
30	that accrue from these investments shall be deposited in the fund.
31	(e) As an alternative to subsection (d), the budget agency may invest
32	or cause to be invested all or a part of the fund in a fiduciary account
33	or accounts with a trustee that is a financial institution.
34	Notwithstanding any other law, any investment may be made by the
35	trustee in accordance with at least one (1) trust agreement or indenture.
36	A trust agreement or indenture may permit disbursements by the trustee
37	to:
38	(1) the department;
39	(2) the budget agency;
40	(3) a political subdivision or an investor owned wastewater
41	utility;
42	(4) the Indiana bond bank; or



1	(5) any person to which the department, the budget agency, or a
2	political subdivision or investor owned wastewater utility is
3	obligated, as provided in the trust agreement or indenture.
4	The state board of finance must approve any trust agreement or
5	indenture before execution.
6	(f) Except as provided in the federal Clean Water Act, the cost of
7	administering the fund may be paid from the fund.
8	(g) All money accruing to the fund is appropriated continuously for
9	the purposes specified in this chapter.
.0	(h) Money in the fund does not revert to the state general fund at the
1	end of a state fiscal year.
2	SECTION 5. IC 13-18-13-3 IS AMENDED TO READ AS
.3	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. Money in the fund
4	may be used to do the following:
.5	(1) Provide loans or other financial assistance to political
6	subdivisions and investor owned wastewater utilities for the
7	planning, designing, construction, renovation, improvement, or
8	expansion of wastewater collection and treatment systems and
9	other activities necessary or convenient to complete these tasks.
20	(2) Pay the cost of administering the fund and the program.
21	(3) Conduct all other activities that are permitted by the federal
22	Clean Water Act.
23	SECTION 6. IC 13-18-13-6 IS AMENDED TO READ AS
24	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 6. The budget agency
25	shall do the following:
26	(1) Manage and implement the financial aspects of the program
27	and supplemental program.
28	(2) Cooperate with the department in the administration and
29	management of the program and supplemental program.
80	(3) If not accepted and held by the department, accept and hold
31	any letter of credit from the federal government through which the
32	state receives grant payments for the program and disbursements
33	to the fund.
34	(4) Be the point of contact with political subdivisions, investor
35	owned wastewater utilities, and other interested persons in
86	preparing and providing program information.
37	(5) Negotiate, jointly with the department, the negotiable aspects
88	of each financial assistance agreement.
89	(6) Prepare or cause to be prepared each financial assistance
10	agreement.
1	(7) Sign each financial assistance agreement.
12	(8) Conduct or cause to be conducted an evaluation as to the



1	financial ability of each political subdivision and investor owned
2	wastewater utility to pay the loan or other financial assistance
3	and other obligations evidencing the loans or other financial
4	assistance, if required to be paid, and comply with the financial
5	assistance agreement in accordance with the terms of the
6	agreement.
7	(9) Prepare, jointly with the department, annual reports
8	concerning the following:
9	(A) The fund.
.0	(B) The program.
.1	(C) The supplemental fund.
.2	(D) The supplemental program.
.3	(10) Submit the reports prepared under subdivision (9) to the
4	governor and the general assembly.
.5	(11) Enter into memoranda of understanding with the department
.6	concerning the administration and management of the following:
.7	(A) The fund.
.8	(B) The program.
9	(C) The supplemental fund.
20	(D) The supplemental program.
21	SECTION 7. IC 13-18-13-8 IS AMENDED TO READ AS
22	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 8. (a) The department
23	and the budget agency may:
24	(1) provide services to a political subdivision or an investor
25	owned wastewater utility in connection with a loan or other
26	financial assistance, including advisory and other services; and
27	(2) charge a fee for services provided.
28	(b) The department and the budget agency may charge a fee for
29	costs and services incurred in the review or consideration of an
80	application for a proposed loan or other financial assistance to or for
31	the benefit of a political subdivision or an investor owned
32	wastewater utility under this chapter, regardless of whether the
33	application is approved or rejected.
34	(c) A political subdivision may pay fees charged under this section.
35	SECTION 8. IC 13-18-13-9 IS AMENDED TO READ AS
86	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 9. (a) The department
37	shall use a priority ranking system to recommend loans or other
88	financial assistance from the fund. The department shall develop the
89	priority ranking system to achieve optimum water quality consistent
10	with the water quality goals of the state and the federal Clean Water
1	Act.
12	(b) Based on the recommendations made under subsection (a) the



1	budget agency may make loans and provide other financial assistance
2	from the fund to or for the benefit of political subdivisions and
3	investor owned wastewater utilities.
4	SECTION 9. IC 13-18-13-10 IS AMENDED TO READ AS
5	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 10. The budget agency
6	may make loans or provide other financial assistance from the fund to
7	or for the benefit of a political subdivision or an investor owned
8	wastewater utility under the following conditions:
9	(1) The loan or other financial assistance must be used:
10	(A) for planning, designing, constructing, renovating,
11	improving, or expanding wastewater collection and treatment
12	systems and other activities necessary or convenient to
13	complete these tasks;
14	(B) to:
15	(i) establish reserves or sinking funds; or
16	(ii) provide interest subsidies;
17	(C) to pay financing charges, including interest on the loan or
18	other financial assistance during construction and for a
19	reasonable period after the completion of construction; or
20	(D) to pay the following:
21	(i) Consultant, advisory, and legal fees.
22	(ii) Any other costs or expenses necessary or incident to the
23	loan, other financial assistance, or the administration of the
24	fund and the program.
25	(2) Subject to section 15 of this chapter, upon recommendation of
26	the budget agency the state board of finance shall establish the
27	interest rate or parameters for establishing the interest rate on
28	each loan, including parameters for establishing the amount of
29	interest subsidies.
30	(3) The budget agency shall establish the terms and conditions
31	that the budget agency considers necessary or convenient to:
32	(A) make loans; or
33	(B) provide other financial assistance under this chapter.
34	SECTION 10. IC 13-18-13-12 IS AMENDED TO READ AS
35	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 12. A political
36	subdivision or an investor owned wastewater utility receiving a loan
37	or other financial assistance from the fund shall enter into a financial
38	assistance agreement. A financial assistance agreement is a valid,
39	binding, and enforceable agreement of the political subdivision or
40	investor owned wastewater utility.
41	SECTION 11. IC 13-18-13-13 IS AMENDED TO READ AS
42	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 13. The budget agency



1	may sell loans or evidences of other financial assistance and other
2	obligations of political subdivisions and investor owned wastewater
3	utilities evidencing the loans or other financial assistance from the
4	fund periodically at any price and on terms acceptable to the budget
5	agency. Proceeds of sales under this section shall be deposited in the
6	fund.
7	SECTION 12. IC 13-18-13-14 IS AMENDED TO READ AS
8	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 14. (a) The budget
9	agency may pledge loans or evidences of other financial assistance and
.0	other obligations of political subdivisions and investor owned
1	wastewater utilities evidencing the loans or other financial assistance
2	from the fund to secure:
.3	(1) other loans or financial assistance from the fund to or for the
4	benefit of political subdivisions and investor owned wastewater
.5	utilities; or
6	(2) other loans or financial assistance from the supplemental fund
.7	to or for the benefit of political subdivisions and investor owned
.8	wastewater utilities;
.9	to the extent permitted by the federal Clean Water Act.
20	(b) The budget agency must approve the terms of a pledge under
21	this section.
22	(c) Notwithstanding any other law, a pledge of property made by the
23	department and the budget agency under this section or IC 4-23-21-8(e)
24	(before its repeal) is binding from the time the pledge is made.
25	Revenues, other money, or other property pledged and thereafter
26	received are immediately subject to the lien of the pledge without any
27	further act. The lien of a pledge is binding against all parties having
28	claims of any kind in tort, contract, or otherwise against:
29	(1) the department;
80	(2) the budget agency; or
31	(3) the fund;
32	regardless of whether the parties have notice of any lien.
33	(d) A resolution, an indenture, or other instrument by which a
34	pledge is created does not have to be filed or recorded, except in the
35	records of the budget agency.
36	(e) Action taken to:
37	(1) enforce a pledge under this section or IC 4-23-21-8(e) (before
38	its repeal); and
39	(2) realize the benefits of the pledge;
10	is limited to the property pledged.
1	(f) A pledge under this section or IC 4-23-21-8(e) (before its repeal)
12	does not create a liability or indebtedness of the state.



1	SECTION 13. IC 13-18-13-15 IS AMENDED TO READ AS	
2 3	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 15. (a) In recommending to the state board of finance the interest rate or	
4		
5	parameters for establishing the interest rate on each loan, as provided	
<i>5</i>	in section 10 of this chapter, the budget agency shall recommend and the state board of finance shall establish the following:	
7	(1) A base or subsidized interest rate that:	
8	(A) would be payable by political subdivisions or investor	
9	owned wastewater utilities other than political subdivisions	
.0	or investor owned wastewater utilities described in	
1	subdivision (2) or (3); and	
2	(B) may provide for the payment of no interest during all or a	
.3	part of the estimated construction period for the wastewater	
4	treatment system.	
5	(2) A base reduced or more heavily subsidized interest rate, that:	
.6	(A) would be payable by political subdivisions or investor	
7	owned wastewater utilities whose median household incomes	
.8	are:	
9	(i) not more than the state nonmetropolitan median	
20	household income, as determined and reported by the	
21	federal government periodically; and	
22	(ii) not less than eighty-one percent (81%) of the state	
23	nonmetropolitan median household income; and	
24	(B) may provide for the payment of no interest during all or a	
25	part of the estimated construction period for the wastewater	
26	collection and treatment system.	
27	(3) A base zero (0) or most heavily subsidized interest rate that:	\
28	(A) would be payable on loans made to political subdivisions	
29	or investor owned wastewater utilities whose median	1
80	household incomes are not more than eighty percent (80%) of	
31	the state nonmetropolitan household income; and	
32	(B) may provide for the payment of no interest during all or a	
33	part of the estimated construction period of the wastewater	
34	collection and treatment system.	
35	(b) The budget agency, in recommending to the state board of	
86	finance the interest rate or parameters for establishing the interest rate	
37	on each loan under section 10 of this chapter, shall take into account	
88	the following:	
89	(1) Credit risk.	
10	(2) Environmental enforcement and protection.	
1	(3) Affordability.	
12	(4) Other fiscal factors the budget agency considers relevant.	



1	(c) In enacting this section, the general assembly understands that,
2	in financing the program, the Indiana bond bank issued at the budget
3	agency's request, and will continue to issue at the budget agency's
4	request:
5	(1) revenue bonds payable from and secured by political
6	subdivisions and investor owned wastewater utilities ; and
7	(2) loan payments made by and loan payments made to political
8	subdivisions and investor owned wastewater utilities.
9	It is not the intent of the general assembly to cause the budget agency
10	or the state board of finance to establish interest rates on loans or
11	parameters for establishing interest rates that would cause the bond
12	bank's revenue bonds to be insecure or otherwise negatively affect the
13	ability of the state to continue to finance the program.
14	SECTION 14. IC 13-18-13-16 IS AMENDED TO READ AS
15	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 16. The budget agency
16	shall require that a political subdivision or an investor owned
17	wastewater utility receiving a loan or other financial assistance under
18	this chapter establish under applicable statute and maintain sufficient
19	user charges or other charges, fees, taxes, special assessments, or
20	revenues available to the political subdivision or investor owned
21	wastewater utility to:
22	(1) operate and maintain the wastewater collection and treatment
23	system; and
24	(2) pay the obligations of the system.
25	SECTION 15. IC 13-18-13-17 IS AMENDED TO READ AS
26	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 17. (a) Notwithstanding
27	any other law and if provided in a financial assistance agreement, any
28	state department or state agency, including the treasurer of state:
29	(1) that is the custodian of money payable to a political
30	subdivision or an investor owned wastewater utility, other than
31	money in payment for goods or services provided by the political
32	subdivision or investor owned wastewater utility; and
33	(2) after written notice from the budget director that the political
34	subdivision or investor owned wastewater utility is in default
35	on the payment of principal or interest on a loan or evidence of
36	other financial assistance;
37	may withhold payment of money from that political subdivision or
38	investor owned wastewater utility and pay over the money to the
39	budget agency or the Indiana bond bank, as directed by the budget
40	director, for the purpose of curing the default.
41	(b) The withholding of payment from the political subdivision or
42	investor owned wastewater utility and payment to:



1	(1) the hydget agency or
1 2	(1) the budget agency; or(2) the Indiana bond bank;
3	as applicable, may not adversely affect the validity of the defaulted
4	loan or other financial assistance.
5	SECTION 16. IC 13-18-13-20 IS AMENDED TO READ AS
<i>5</i>	
7	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 20. (a) As an alternative to making leaves on providing other financial assistance to
8	alternative to making loans or providing other financial assistance to political subdivisions and investor owned wastewater utilities , the
	•
9 10	budget agency may use the money in the fund or the supplemental fund
	to provide a leveraged loan program and other financial assistance
11	programs permitted by the federal Clean Water Act to or for the benefit
12	of political subdivisions and investor owned wastewater utilities,
13	including using money in the fund or the supplemental fund to enhance
14	the obligations of political subdivisions and investor owned
15	wastewater utilities issued for the purposes of this chapter by:
16	(1) granting money to:
17	(A) be deposited in:
18	(i) a capital or reserve fund established under IC 5-1.5 or
19	another statute or a trust agreement or indenture as
20	contemplated by IC 13-18-13-2(e); or
21	(ii) an account established within such a fund; or
22	(B) provide interest subsidies;
23	(2) paying bond insurance premiums, reserve insurance
24	premiums, or credit enhancement, liquidity support, remarketing,
25	or conversion fees, or other similar fees or costs for obligations of
26	a political subdivision or an investor owned wastewater utility
27	or for bonds issued by the Indiana bond bank if credit market
28	access is improved or interest rates are reduced; or
29	(3) guaranteeing all or a part of obligations issued by political
30	subdivisions or investor owned wastewater utilities or of bonds
31	issued by the Indiana bond bank.
32	(b) The budget agency may enter into any agreements with the
33	Indiana bond bank, or political subdivisions, or investor owned
34	wastewater utilities to carry out the purposes specified in this chapter.
35	(c) A guarantee of obligations or bonds under subsection (a)(3) must
36	be limited to money in the fund and the supplemental fund. A
37	guarantee under subsection (a)(3) does not create a liability or
38	indebtedness of the state.
39	SECTION 17. IC 13-18-13-22 IS AMENDED TO READ AS
40	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 22. (a) The
41	supplemental wastewater assistance fund is established to provide
42	money for grants, loans, and other financial assistance to or for the



1	benefit of political subdivisions and investor owned wastewater
2	utilities under this chapter.
3	(b) The general assembly may appropriate money to the
4	supplemental fund. Grants or gifts of money to the supplemental fund
5	and proceeds of the sale of:
6	(1) gifts to the supplemental fund; and
7	(2) loans and other financial assistance, as provided in sections 25
8	through 29 of this chapter;
9	shall be deposited in the supplemental fund.
10	(c) Repayments of loans and other financial assistance from the
11	supplemental fund, including interest, premiums, and penalties, shall
12	be deposited in the supplemental fund.
13	(d) The treasurer of state shall invest the money in the supplemental
14	fund that is:
15	(1) not currently needed to meet the obligations of the
16	supplemental fund; and
17	(2) not invested under subsection (e);
18	in the same manner as other public money may be invested. Earnings
19	that accrue from the investments shall be deposited in the supplemental
20	fund.
21	(e) As an alternative to the investment provided for in subsection
22	(d), the budget agency may invest or cause to be invested all or a part
23	of the supplemental fund in a fiduciary account or accounts with a
24	trustee that is a financial institution. Notwithstanding any other law,
25	any investment may be made by the trustee in accordance with one (1)
26	or more trust agreements or indentures. A trust agreement or indenture
27	may permit disbursements by the trustee to the department, the budget
28	agency, a political subdivision, an investor owned wastewater utility,
29	the Indiana bond bank, or any person to which the department, the
30	budget agency, or a political subdivision or an investor owned
31	wastewater utility is obligated, as provided in the trust agreement or
32	indenture. The state board of finance must approve the form of any
33	trust agreement or indenture before execution.
34	(f) The cost of administering the supplemental fund may be paid
35	from money in the supplemental fund.
36	(g) All money accruing to the supplemental fund is appropriated
37	continuously for the purposes specified in this chapter.
38	(h) Money in the supplemental fund does not revert to the state
39	general fund at the end of a state fiscal year.
40	SECTION 18. IC 13-18-13-23 IS AMENDED TO READ AS
41	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 23. Money in the
42	supplemental fund may be used to do the following:



1	(1) Provide grants, loans, or other financial assistance to or for the
2	benefit of political subdivisions and investor owned wastewater
3	utilities for the planning, designing, acquisition, construction,
4	renovation, improvement, or expansion of wastewater or
5	stormwater collection and treatment systems and water supply
6	systems and other activities necessary or convenient to complete
7	these tasks, whether or not those other activities are permitted by
8	the federal Clean Water Act.
9	(2) Pay the cost of administering the supplemental fund and the
10	supplemental program.
11	(3) Fund amendments to grants awarded before July 1, 1991, from
12	the stream pollution control grant program.
13	(4) Conduct all other activities that are permitted by the federal
14	Clean Water Act or the federal Safe Drinking Water Act.
15	SECTION 19. IC 13-18-13-25 IS AMENDED TO READ AS
16	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 25. The budget agency
17	may make grants or loans or provide other financial assistance from the
18	supplemental fund to or for the benefit of a political subdivision or an
19	investor owned wastewater utility under the following conditions:
20	(1) A grant, loan, or other financial assistance must be used:
21	(A) for planning, designing, acquiring, constructing,
22	renovating, improving, or expanding wastewater or stormwater
23	collection and treatment systems, and other activities
24	necessary or convenient to complete these tasks;
25	(B) to:
26	(i) establish reserves or sinking funds; or
27	(ii) provide interest subsidies;
28	(C) to pay financing charges, including interest on the loan
29	during construction and for a reasonable period after the
30	completion of construction; or
31	(D) to pay the following:
32	(i) Consultant, advisory, and legal fees.
33	(ii) Other costs or expenses necessary or incident to the
34	grant, loan, or other financial assistance or the
35	administration of the supplemental fund or the supplemental
36	program.
37	(2) The budget agency must establish the terms and conditions
38	that the budget agency considers necessary or convenient to make
39	grants or loans or provide other financial assistance under this
40	chapter.
41	SECTION 20. IC 13-18-13-27 IS AMENDED TO READ AS
42	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 27. A political



1	subdivision or an investor owned wastewater utility receiving a
2	grant, loan, or other financial assistance from the supplemental fund
3	shall enter into a financial assistance agreement. A financial assistance
4	agreement under this section is a valid, binding, and enforceable
5	agreement of the political subdivision or investor owned wastewater
6	utility.
7	SECTION 21. IC 13-18-13-28 IS AMENDED TO READ AS
8	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 28. (a) The budget
9	agency may sell loans or evidences of other financial assistance and
10	other obligations of political subdivisions and investor owned
11	wastewater utilities evidencing the loans or other financial assistance
12	from the supplemental fund:
13	(1) periodically;
14	(2) at any price; and
15	(3) on terms acceptable to the department and the budget agency.
16	(b) Proceeds of sales under this section shall be deposited in the
17	supplemental fund or the fund at the direction of the budget director.
18	SECTION 22. IC 13-18-13-29 IS AMENDED TO READ AS
19	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 29. (a) The budget
20	agency may pledge:
21	(1) loans or evidences of other financial assistance; and
22	(2) other obligations of political subdivisions and investor
23	owned wastewater utilities evidencing the loans or other
24	financial assistance;
25	from the supplemental fund to secure other loans or financial assistance
26	from the fund or the supplemental fund to or for the benefit of political
27	subdivisions and investor owned wastewater utilities.
28	(b) The terms of a pledge under this section or IC 4-23-21-18(e)
29	(before its repeal) must be acceptable to the budget agency.
30	(c) Notwithstanding any other law, a pledge of property made under
31	this section or IC 4-23-21-18(e) (before its repeal) is or was binding
32	from the time the pledge is or was made. Revenues, other money, or
33	other property pledged and thereafter received are or were immediately
34	subject to the lien of the pledge without any further act. The lien of a
35	pledge is or was binding against all parties having claims of any kind
36	in tort, contract, or otherwise against:
37	(1) the department;



42

- (2) the budget agency; or
- (3) the supplemental fund;
- regardless of whether the parties have notice of any lien.
- (d) A resolution, an indenture, or other instrument by which a pledge is created does not have to be filed or recorded, except in the



1	records of the budget agency.
2	(e) Action taken to:
3	(1) enforce a pledge under this section or IC 4-23-21-18(e)
4	(before its repeal); and
5	(2) realize the benefits of the pledge;
6	is limited to the property pledged.
7	(f) A pledge under this section or IC 4-23-21-18(e) (before its
8	repeal) does not create a liability or indebtedness of the state.
9	SECTION 23. IC 13-18-21-2 IS AMENDED TO READ AS
.0	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) The drinking
.1	water revolving loan fund is established to provide money for loans and
.2	other financial assistance under this chapter to or for the benefit of
3	political subdivisions and investor owned water utilities, including
4	forgiveness of principal if allowed under federal law.
.5	(b) The general assembly may appropriate money to the fund.
.6	Grants or gifts of money to the fund from the federal government or
.7	other sources and the proceeds of the sale of:
8	(1) gifts to the fund; and
.9	(2) loans and other financial assistance, as provided in sections 10
20	through 14 of this chapter;
21	shall be deposited in the fund.
22	(c) Repayments of loans and other financial assistance, including
23	interest, premiums, and penalties, shall be deposited in the fund.
24	(d) The treasurer of state shall invest the money in the fund that is:
25	(1) not currently needed to meet the obligations of the fund; and
26	(2) not invested under subsection (e);
27	in the same manner as other public money may be invested. Earnings
28	that accrue from these investments shall be deposited in the fund.
29	(e) As an alternative to subsection (d), the budget agency may invest
80	or cause to be invested all or part of the fund in a fiduciary account or
31	accounts with a trustee that is a financial institution. Notwithstanding
32	any other law, an investment may be made by the trustee in accordance
33	with at least one (1) trust agreement or indenture. A trust agreement or
34	indenture may allow disbursements by the trustee to:
35	(1) the department;
86	(2) the budget agency;
37	(3) a political subdivision or an investor owned water utility;
88	(4) the Indiana bond bank; or
39	(5) any person to which the department, the budget agency, or a
10	political subdivision, or an investor owned water utility is
1	obligated, as provided in the trust agreement or indenture.
12	The state hoard of finance must approve any trust agreement or



1	indenture before execution.
2	(f) Except as provided in the federal Safe Drinking Water Act (42
3	U.S.C. 300f et seq.), the cost of administering the fund and the program
4	may be paid from the fund or from four percent (4%) of the money
5	allotted to the state under 42 U.S.C. 300j-12.
6	(g) All money accruing to the fund and money allotted to the state
7	under 42 U.S.C. 300j-12 is appropriated continuously for the purposes
8	specified in this chapter.
9	(h) Money in the fund does not revert to the state general fund at the
10	end of a state fiscal year.
11	SECTION 24. IC 13-18-21-3 IS AMENDED TO READ AS
12	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) Money in the
13	fund may be used to do the following:
14	(1) Provide loans or other financial assistance to political
15	subdivisions and investor owned water utilities for the:
16	(A) planning;
17	(B) designing;
18	(C) construction;
19	(D) renovation;
20	(E) improvement;
21	(F) expansion; or
22	(G) any combination of clauses (A) through (F);
23	for drinking water systems that will facilitate compliance with
24	national primary drinking water regulations applicable to drinking
25	water systems under the federal Safe Drinking Water Act (42
26	U.S.C. 300f et seq.) or otherwise significantly further the health
27	protection objectives of the federal Safe Drinking Water Act (42
28	U.S.C. 300f et seq.) and other activities necessary or convenient
29	to complete these tasks.
30	(2) Except as provided in the federal Safe Drinking Water Act (42
31	U.S.C. 300f et seq.), pay the cost of administering the fund and
32	the program.
33	(3) Conduct all other activities that are allowed by the federal
34	Safe Drinking Water Act (42 U.S.C. 300f et seq.).
35	(b) Notwithstanding section 2(g) of this chapter, if appropriated by
36	the general assembly and an adequate state match is available, the
37	department and the budget agency shall use two percent (2%) of the
38	funds allotted to the state under 42 U.S.C. 300j-12 to provide technical
39	assistance to political subdivisions and investor owned water utilities
40	serving not more than ten thousand (10,000) persons in Indiana. The
41	department and the budget agency may jointly contract with a person
42	or persons to provide the technical assistance. Funds used under this



13	
subsection may not be used for enforcement actions.	
(c) To the extent permitted by this chapter, fifteen percent (15%) of	
the amount credited to the fund in a state fiscal year shall be available	
solely for providing loan assistance to public water systems, as	
contemplated by the federal Safe Drinking Water Act (42 U.S.C. 300f	
et seq.), that regularly serve less than ten thousand (10,000) persons in	
Indiana, to the extent that the money can be obligated for eligible	
projects of public water systems.	
(d) To avoid the loss of money allotted to the state under 42 U.S.C.	
300j-12 et seq., the budget agency and the department shall develop	
and implement a strategy to assist public water systems in acquiring	
and maintaining technical, managerial, and financial capacity as	
contemplated by 42 U.S.C. 300g-9. This is all the legal authority	
required by the state for the budget agency and the department to	
ensure that all new community water systems and new nontransient,	
noncommunity water systems, as contemplated by the federal Safe	
Drinking Water Act (42 U.S.C. 300f et seq.), commencing operations	
after October 1, 1999, demonstrate technical, managerial, and financial	
capacity with respect to each federal primary drinking water regulation	
in effect on the date operations commence. The department has primary	
responsibility to carry out this subsection.	
SECTION 25. IC 13-18-21-6 IS AMENDED TO READ AS	
FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 6. The budget agency	
shall do the following:	
(1) Manage and implement the financial aspects of the program.	
(2) Cooperate with the department in the administration and management of the program.	
(3) If not accepted and held by the department, accept and hold	
any letter of credit from the federal government through which the	
state receives grant payments for the program and disbursements	
to the fund.	
(4) Be the point of contact with political subdivisions, investor	
owned water utilities, and other interested persons in preparing	
and providing program information.	
(5) Negotiate, jointly with the department, the negotiable aspects	
of each financial assistance agreement.	
(6) Prepare or cause to be prepared each financial assistance	
agreement.	
(7) Execute each financial assistance agreement.	
(8) Conduct or cause to be conducted an evaluation as to the	

financial ability of each political subdivision and investor owned

water utility to pay the loan or other financial assistance and



1	other obligations evidencing the loans or other financial	
2	assistance, if required to be paid, and comply with the financial	
3	assistance agreement.	
4	(9) Prepare, jointly with the department, annual reports	
5	concerning the fund and the program.	
6	(10) Submit the reports prepared under subdivision (9) to the	
7	governor and the general assembly.	
8	(11) Enter into memoranda of understanding with the department	
9	concerning the administration and management of the fund and	
.0	the program.	
.1	SECTION 26. IC 13-18-21-8 IS AMENDED TO READ AS	
2	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 8. (a) The department	
.3	and the budget agency may:	
4	(1) provide services to a political subdivision or an investor	
.5	owned water utility in connection with a loan or other financial	
6	assistance, including advisory and other services; and	
.7	(2) charge a fee for services provided.	
.8	(b) The department and the budget agency may charge a fee for	
9	costs and services incurred in the review or consideration of an	
20	application for a proposed loan or other financial assistance under this	
21	chapter to or for the benefit of a political subdivision or an investor	
22	owned water utility, regardless of whether the application is approved	
23	or rejected.	
24	(c) A political subdivision may pay fees charged under this section.	
25	SECTION 27. IC 13-18-21-9 IS AMENDED TO READ AS	
26	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 9. (a) The department	
27	shall use a priority ranking system to recommend loans or other	
28	financial assistance from the fund. The department shall develop the	
29	priority ranking system consistent with federal primary drinking water	
30	regulations and health protection objectives of the federal Safe	
31	Drinking Water Act (42 U.S.C. 300f et seq.).	
32	(b) Based on the recommendations made under subsection (a), the	
33	budget agency may make loans and provide other financial assistance	
34	from the fund to or for the benefit of political subdivisions and	
35	investor owned water utilities.	
36	SECTION 28. IC 13-18-21-10 IS AMENDED TO READ AS	
37	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 10. The budget agency	
88	may make loans or provide other financial assistance from the fund to	
89	or for the benefit of a political subdivision or an investor owned	
10	water utility under the following conditions:	
1	(1) The loan or other financial assistance must be used:	
12	(A) for planning, designing, constructing, renovating,	



1	improving, and expanding drinking water treatment systems
2	and for other activities necessary or convenient to complete
3	these tasks;
4	(B) to:
5	(i) establish reserves or sinking funds; or
6	(ii) provide interest subsidies;
7	(C) to pay financing charges, including interest on the loan or
8	other financial assistance during construction and for a
9	reasonable period after the completion of construction; or
.0	(D) to pay the following:
1	(i) Consultant, advisory, and legal fees.
2	(ii) Other costs or expenses necessary or incident to the loan,
.3	other financial assistance, or the administration of the fund
4	and the program.
.5	(2) Subject to section 15 of this chapter, upon recommendation of
.6	the budget agency, the state board of finance shall establish the
.7	interest rate or parameters for establishing the interest rate on
8	each loan, including parameters for establishing the amount of
9	interest subsidies.
20	(3) The budget agency shall establish the terms and conditions
21	that the budget agency considers necessary or convenient to:
22	(A) make loans; or
23	(B) provide other financial assistance under this chapter.
24	SECTION 29. IC 13-18-21-12 IS AMENDED TO READ AS
25	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 12. A political
26	subdivision or an investor owned water utility receiving a loan or
27	other financial assistance from the fund shall enter into a financial
28	assistance agreement. A financial assistance agreement is a valid,
29	binding, and enforceable agreement of the political subdivision or
80	investor owned water utility.
31	SECTION 30. IC 13-18-21-13 IS AMENDED TO READ AS
32	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 13. The budget agency
33	may sell loans or evidence of other financial assistance and other
34	obligations of political subdivisions and investor owned water
35	utilities evidencing the loans or other financial assistance from the
36	fund periodically at any price and on terms acceptable to the budget
37	agency. Proceeds of sales under this section shall be deposited in the
88	fund.
39	SECTION 31. IC 13-18-21-14 IS AMENDED TO READ AS
10	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 14. (a) The budget
1	agency may pledge loans or evidence of other financial assistance and
12	other obligations of political subdivisions and investor owned water



1	utilities evidencing the loans or other financial assistance from the
2	fund to secure:
3	(1) other loans or financial assistance from the fund to or for the
4	benefit of political subdivisions and investor owned water
5	utilities; or
6	(2) other loans or financial assistance from the supplemental fund
7	to or for the benefit of political subdivisions and investor owned
8	water utilities;
9	to the extent allowed by the federal Safe Drinking Water Act (42
.0	U.S.C. 300f et seq.).
.1	(b) The budget agency must approve the terms of a pledge under
.2	this section.
.3	(c) Notwithstanding any other law, a pledge of property made under
.4	this section is binding from the time the pledge is made. Revenues,
.5	other money, or other property pledged and received are immediately
.6	subject to the lien of the pledge without any other act. The lien of a
.7	pledge is binding against all parties having claims of any kind in tort,
.8	contract, or otherwise against:
.9	(1) the department;
20	(2) the budget agency; or
21	(3) the fund;
22	regardless of whether the parties have notice of any lien.
23	(d) A resolution, an indenture, or other instrument by which a
24	pledge is created does not have to be filed or recorded, except in the
25	records of the budget agency.
26	(e) Action taken to:
27	(1) enforce a pledge under this section; and
28	(2) realize the benefits of the pledge;
29	is limited to the property pledged.
80	(f) A pledge under this section does not create a liability or
31	indebtedness of the state.
32	SECTION 32. IC 13-18-21-15 IS AMENDED TO READ AS
33	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 15. (a) In
34	recommending to the state board of finance the interest rate or
35	parameters for establishing the interest rate on each loan (other than a
86	loan to a qualified entity described in IC 13-11-2-164(b)(4)), as
37	provided in section 10 of this chapter, the budget agency shall
88	recommend and the state board of finance shall establish the following:
89	(1) A base or subsidized interest rate that:
10	(A) would be payable by political subdivisions or investor
1	owned water utilities other than political subdivisions or
12	investor owned water utilities described in subdivision (2) or



1	(3); and	
2	(B) may provide that payment of interest is not required during	
3	all or part of the estimated construction period for the drinking	
4	water treatment system.	
5	(2) A base reduced or more heavily subsidized interest rate that:	
6	(A) is payable by a political subdivision or an investor owned	
7	water utility with median household incomes that are:	
8	(i) not more than the state median household income for an	
9	area that is not a metropolitan area, as determined and	
.0	reported periodically by the federal government; and	
1	(ii) not less than eighty-one percent (81%) of the state	
2	median household income for an area that is not a	
.3	metropolitan area; and	
4	(B) may provide that payment of interest is not required during	
.5	all or part of the estimated construction period for the drinking	
6	water treatment system.	
7	(3) A base of zero (0) or the most heavily subsidized interest rate	
8	that:	
9	(A) would be payable on loans made to political subdivisions	
20	or investor owned water utilities with median household	
21	incomes that are not more than eighty percent (80%) of the	
22	state household income for an area that is not a metropolitan	
23	area; and	
24	(B) may provide that payment of interest is not required during	
25	all or part of the estimated construction period of the drinking	
26	water treatment system.	
27	(b) The budget agency, in recommending to the state board of	
28	finance the interest rate or parameters for establishing the interest rate	
29	on each loan (including loans to a qualified entity described in	
80	IC 13-11-2-164(b)(4)) under section 10 of this chapter, shall take into	
31	account the following:	
32	(1) Credit risk.	
33	(2) Environmental, water quality, and health protection.	
34	(3) Affordability.	
35	(4) Other fiscal factors the budget agency considers relevant.	
36	(c) In financing the program, the Indiana bond bank and the Indiana	
37	development finance authority shall issue at the budget agency's	
88	request:	
39	(1) revenue bonds payable from and secured by political	
10	subdivisions and investor owned water utilities; and	
1	(2) loan payments made by and to political subdivisions and	
12	investor owned water utilities.	



The budget agency or the state board of finance are not required by this chapter to establish interest rates on loans or parameters for establishing interest rates that would cause any revenue bonds to be insecure or otherwise negatively affect the ability of the state to continue to finance the program.

SECTION 33. IC 13-18-21-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 16. The budget agency shall require a political subdivision **or an investor owned water utility** receiving a loan or other financial assistance under this chapter to establish under applicable law and maintain sufficient user charges or other charges, fees, taxes, special assessments, or revenues available to the political subdivision **or investor owned water utility** to:

- (1) operate and maintain the drinking water treatment system; and
- (2) pay the obligations of the drinking water treatment system.

SECTION 34. IC 13-18-21-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 17. (a) Notwithstanding any other law and if provided in a financial assistance agreement, a state department or state agency, including the treasurer of state, that is the custodian of money payable to a political subdivision **or an investor owned water utility**, other than money in payment for goods or services provided by the political subdivision **or investor owned water utility**, may withhold payment of money from that political subdivision **or investor owned water utilities** and pay over the money to the budget agency or the Indiana bond bank, as directed by the budget director, for the purpose of curing a default. Withholding payment under this subsection may not occur until after written notice from the budget director that the political subdivision **or investor owned water utility** is in default on the payment of principal or interest on a loan or evidence of other financial assistance.

- (b) The withholding of payment from the political subdivision **or investor owned water utility** and payment to:
 - (1) the budget agency; or
 - (2) the Indiana bond bank;

as applicable, may not adversely affect the validity of the defaulted loan or other financial assistance.

SECTION 35. IC 13-18-21-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 20. (a) As an alternative to making loans or providing other financial assistance to political subdivisions **and investor owned water utilities**, the budget agency may use the money in the fund to provide a leveraged loan program and other financial assistance programs allowed by the federal Safe Drinking Water Act (42 U.S.C. 300f et seq.) to or for the benefit



1 2	of political subdivisions and investor owned water utilities , including using money in the fund or a supplemental fund, including the
3	supplemental fund established by section 21 of this chapter, to enhance
4	the obligations of political subdivisions and investor owned water
5	utilities issued for the purposes of this chapter by:
6	(1) granting money to:
7	(A) be deposited in:
8	(i) a capital or reserve fund established under IC 5-1.5 or
9	another statute or a trust agreement or indenture as
10	contemplated by IC 13-18-21-2(e); or
11	(ii) an account established within a fund described in item
12	(i); or
13	(B) provide interest subsidies;
14	(2) paying bond insurance premiums, reserve insurance
15	premiums, or credit enhancement, liquidity support, remarketing,
16	or conversion fees, or other similar fees or costs for obligations of
17	a political subdivision or investor owned water utility or for
18	bonds issued by the Indiana bond bank or the Indiana
19	development finance authority if credit market access is improved
20	or interest rates are reduced; or
21	(3) guaranteeing all or part of:
22	(A) obligations issued by political subdivisions and investor
23	owned water utilities; or
24	(B) bonds issued by the Indiana bond bank or the Indiana
25	development finance authority.
26	(b) The budget agency may enter into any agreements with the
27	Indiana bond bank, the Indiana development finance authority, or
28	political subdivisions or investor owned water utilities to carry out
29	the purposes specified in this chapter.
30	(c) A guarantee of obligations or bonds under subsection (a)(3) must
31	be limited to money in the fund. A guarantee under subsection (a)(3)
32	does not create a liability or indebtedness of the state.
33	SECTION 36. IC 13-18-21-22 IS AMENDED TO READ AS
34	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 22. (a) The
35	supplemental drinking water assistance fund is established to provide
36	money for grants, loans, and other financial assistance for the benefit
37	of political subdivisions, investor owned water utilities, or public
38	water systems that serve economically disadvantaged municipalities.
39	(b) The general assembly may appropriate money to the
40	supplemental fund. Grants or gifts of money to the supplemental fund
41	and proceeds of the sale of:
42	(1) gifts to the supplemental fund; and



1	(2) loans and other financial assistance, as provided in sections 25
2	through 29 of this chapter;
3	shall be deposited in the supplemental fund.
4	(c) Repayments of loans and other financial assistance from the
5	supplemental fund, including interest, premiums, and penalties, shall
6	be deposited in the supplemental fund.
7	(d) The treasurer of state shall invest the money in the supplemental
8	fund that is:
9	(1) not currently needed to meet the obligations of the
10	supplemental fund; and
11	(2) not invested under subsection (e);
12	in the same manner as other public money may be invested. Earnings
13	that accrue from the investments shall be deposited in the supplemental
14	fund.
15	(e) As an alternative to the investment provided for in subsection
16	(d), the budget agency may invest or cause to be invested all or a part
17	of the supplemental fund in a fiduciary account or accounts with a
18	trustee that is a financial institution. Notwithstanding any other law,
19	any investment may be made by the trustee in accordance with one (1)
20	or more trust agreements or indentures. A trust agreement or indenture
21	may permit disbursements by the trustee to the department, the budget
22	agency, a political subdivision, an investor owned water utility, a
23	public water system that serves an economically disadvantaged
24	municipality, the Indiana bond bank, or any other person as provided
25	in the trust agreement or indenture. The state board of finance must
26	approve the form of any trust agreement or indenture before execution.
27	(f) The cost of administering the supplemental fund may be paid
28	from money in the supplemental fund.
29	(g) All money accruing to the supplemental fund is appropriated
30	continuously for the purposes specified in this chapter.
31	(h) Money in the supplemental fund does not revert to the state
32	general fund at the end of a state fiscal year.
33	SECTION 37. IC 13-18-21-23 IS AMENDED TO READ AS
34	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 23. Money in the
35	supplemental fund may be used to do the following:
36	(1) Provide grants, loans, or other financial assistance to or for the
37	benefit of political subdivisions, investor owned water utilities,
38	or public water systems that serve economically disadvantaged
39	municipalities for the planning, designing, acquisition,
40	construction, renovation, improvement, or expansion of drinking
41	water treatment systems and water supply systems and other
42	activities necessary or convenient to complete these tasks,



1	whether or not those other activities are permitted by the federal
2	Clean Water Act or the federal Safe Drinking Water Act.
3	(2) Pay the cost of administering the supplemental fund and the
4	supplemental program.
5	(3) Conduct all other activities that are permitted by the federal
6	Clean Water Act or the federal Safe Drinking Water Act.
7	SECTION 38. IC 13-18-21-25 IS AMENDED TO READ AS
8	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 25. The budget agency
9	may make grants or loans or provide other financial assistance from the
10	supplemental fund for the benefit of a political subdivision, an
11	investor owned water utility, or a public water system that serves an
12	economically disadvantaged municipality under the following
13	conditions:
14	(1) A grant, loan, or other financial assistance must be used:
15	(A) for planning, designing, acquiring, constructing,
16	renovating, improving, or expanding drinking water treatment
17	systems or water supply systems, and other activities necessary
18	or convenient to complete these tasks;
19	(B) to:
20	(i) establish reserves or sinking funds; or
21	(ii) provide interest subsidies;
22	(C) to pay financing charges, including interest on the loan
23	during construction and for a reasonable period after the
24	completion of construction; or
25	(D) to pay the following:
26	(i) Consultant, advisory, and legal fees.
27	(ii) Other costs or expenses necessary or incident to the
28	grant, loan, or other financial assistance or the
29	administration of the supplemental fund or the supplemental
30	program.
31	(2) The budget agency must establish the terms and conditions
32	that the budget agency considers necessary or convenient to make
33	grants or loans or provide other financial assistance under this
34	chapter.
35	SECTION 39. IC 13-18-21-27 IS AMENDED TO READ AS
36	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 27. A political
37	subdivision, an investor owned water utility, or a public water system
38	receiving a grant, loan, or other financial assistance from the
39	supplemental fund shall enter into a financial assistance agreement. A
40	financial assistance agreement under this section is a valid, binding,
41	and enforceable agreement of the political subdivision or public water
42	system.



1	SECTION 40. IC 13-18-21-29 IS AMENDED TO READ AS	
2	FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 29. (a) The budget	
3	agency may pledge:	
4	(1) loans or evidences of other financial assistance; and	
5	(2) other obligations evidencing the loans or other financial	
6	assistance;	
7	from the supplemental fund to secure other loans or financial assistance	
8	from the fund or the supplemental fund for the benefit of political	
9	subdivisions, investor owned water utilities, or public water systems	
10	that serve economically disadvantaged municipalities.	
11	(b) The terms of a pledge under this section must be acceptable to	
12	the budget agency.	
13	(c) Notwithstanding any other law, a pledge of property made by the	
14	budget agency under this section is binding from the time the pledge is	
15	made. Revenues, other money, or other property pledged and thereafter	
16	received are immediately subject to the lien of the pledge without any	
17	further act. The lien of a pledge is binding against all parties having	
18	claims of any kind in tort, contract, or otherwise against:	
19	(1) the department;	
20	(2) the budget agency; or	
21	(3) the supplemental fund;	
22	regardless of whether the parties have notice of any lien.	
23	(d) A resolution, an indenture, or other instrument by which a	
24	pledge is created does not have to be filed or recorded, except in the	
25	records of the budget agency.	
26	(e) Action taken to:	
27	(1) enforce a pledge under this section; and	
28	(2) realize the benefits of the pledge;	V
29	is limited to the property pledged.	
30	(f) A pledge under this section does not create a liability or	
31	indebtedness of the state.	

